

STAND. COM. REP. NO. 30

Honolulu, Hawaii

**FEB 03** , 2025

RE: H.B. No. 499  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Agriculture & Food Systems, to which was referred H.B. No. 499 entitled:

"A BILL FOR AN ACT RELATING TO RESILIENCY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a refundable income tax credit for qualified taxpayers that incur qualified expenses in connection with activities that enhance the resiliency of the food and beverage supply chain; and
- (2) Require the Department of Business, Economic Development, and Tourism to establish expedited permitting processes for certain food and beverage supply chain projects.

Your Committee received testimony in support of this measure from the Hawai'i Farm Bureau; Hawaii Food Industry Association; Hawaii Aquaculture and Aquaponics Association; Land Use Research Foundation of Hawaii; Hawai'i Farmers Union United; and Hawai'i Foodbank. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

2025-1166 HB499 HD1 HSCR HMSO



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Your Committee finds that the State is vulnerable to disruptions caused by natural disasters, which could leave residents with limited access to food and essential supplies for extended periods. Despite the State's goal of doubling local food production by 2030, small businesses engaged in food and beverage production, distribution, and retailing face significant challenges. This measure would provide incentives for improving food and beverage supply chain activities and create an environment where local businesses could expand and succeed.

Your Committee has amended this measure by:

- (1) Specifying that at least twenty-five percent of the total amount of tax credits per year shall be reserved for small-scale producers and community-based organizations;
- (2) Requiring the Department of Business, Economic Development, and Tourism to establish reporting metrics;
- (3) Clarifying the definition of "qualified taxpayer";
- (4) Clarifying rulemaking responsibility for the Department of Business, Economic Development, and Tourism, rather than the Department of Taxation;
- (5) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider an appropriate maximum amount of tax credits allowed per taxpayer per year, as the measure includes an aggregate \$2,000,000 cap for all qualified taxpayers in any taxable year, and the Department of Business, Economic Development, and Tourism's request for one full-time equivalent (1.0 FTE) position to facilitate the tax credit.

As affirmed by the record of votes of the members of your Committee on Agriculture & Food Systems that is attached to this report, your Committee is in accord with the intent and purpose of



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H.B. No. 499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 499, H.D. 1, and be referred to your Committee on Economic Development & Technology.

Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture & Food  
Systems,

  
KIRSTIN KAHALOA, Chair



State of Hawaii  
House of Representatives  
The Thirty-third Legislature

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Record of Votes of the Committee on Agriculture & Food Systems

Bill/Resolution No.: <b>HB 499</b>	Committee Referral: <b>AGR, ECD, FIN</b>	Date: <b>1/29/2025</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. KAHALOA, Kirstin (C)	X			
2. KUSCH, Matthias (VC)	X			
3. LOWEN, Nicole E.	X			
4. PERRUSO, Amy A.	X			
5. QUINLAN, Sean	X			
6. WARD, Gene				X
TOTAL (6)	5	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO				